

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicare
7500 Security Boulevard, Mail Stop C1-13-07
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MEDICARE PLAN PAYMENT GROUP

DATE: June 21, 2013

TO: All Medicare Advantage Organizations, Prescription Drug Plans, Cost Plans, PACE Organizations, and Demonstrations

FROM: Cheri Rice /s/
Director

SUBJECT: Medicare Advantage Prescription Drug System (MARx) July 2013 Payment – INFORMATION

This letter provides information about the July payment, which is scheduled for receipt on July 1, 2013, and other payment related items that may require plan action.

2013 Mid-Year Risk Adjustment Factor Update

The mid-year update of the risk adjustment factors for 2013 is included in the July payment. Each affected plan will see Adjustment Reason Code (ARC) 26 (Mid-year Part C risk adjustment factor change) and ARC 41 (Part D risk adjustment factor change) on its Monthly Membership Report (MMR).

Health Information Technology for Economic & Clinical Health Act (HITECH) Bonus Payment Adjustments

Plans participating in the Electronic Health Records (EHR) Incentive Program will receive adjustments to the 2011 payments in the July 2013 payment. The incentive payment adjustment is for the Plan's qualifying Medicare Advantage Eligible Professionals (not for any incentive payments due to qualifying Medicare Advantage Eligible Hospitals under the program). The payment amounts are shown on the PPR with adjustment type "HTC". The data file contains Adjustment Type codes in field 53.

Frailty Factor Payment Recalculation for Beneficiaries in Special Needs Plans

CMS processed a data clean-up to correct an issue involving MARx not updating 2013 frailty factors for some beneficiaries enrolled in Special Needs Plans during 2013. Plans that did not receive updates in the Mid-Year Risk Adjustment Factor Change (ARC of 26 and 41) will receive recalculated payments in the July 2013 MMR under ARC 94 - Special Payment Adjustment Due to Cleanup.

Reconciliation of Plans that Terminated in 2011

CMS is continuing to conduct final reconciliations to settle amounts for terminated plans that were processed after their termination dates. The final settlement will include the 2011 final risk adjustment reconciliation completed in December 2012, and the Coverage Gap Discount

Program reconciliation completed in May 2013. Plans will receive the results of these settlements in July 2013.

Please contact the appropriate DPO Representative (list attached) if you have any questions about the information in this letter or need assistance with other payment or premium related issues. Thank you.

cc: DPO Representatives
Director, DPO
MAPD Customer Support

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